

Minnesota Public Utilities Commission

NEWS RELEASE

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Supplemental Public Hearing in CenterPoint Energy Rate Case to be Held in Minneapolis on January 12, 2005

Administrative Law Judge Richard C. Luis of the Minnesota Office of Administrative Hearings (“OAH”) has scheduled a supplemental public hearing in CenterPoint Energy’s 2004 rate case for **7:00 p.m., on Wednesday, January 12, 2005**, at the **Sabathani Community Center, Conference Room J, 310 East 38th Street, Minneapolis, Minnesota**. (Several public hearings in this matter were held in December 2004: Bloomington (evening), Coon Rapids (evening), and Minneapolis (afternoon). An evening public hearing by video-conference was also held in North Mankato, and Willmar.)

The purpose of this evening hearing in Minneapolis is to provide the public who were not able to attend the afternoon hearing in downtown Minneapolis on December 13, 2004, an opportunity to present their views on CenterPoint Energy’s request to change its rates. Any CenterPoint Energy customer or other person may attend or provide comments at this hearing. You are invited to comment on the adequacy and quality of CenterPoint Energy’s service, the level of rates or other related matters. You do not need to be represented by an attorney.

CenterPoint Energy filed its request with the PUC to change its rates for utility distribution service on July 14, 2004. If approved by the PUC, the proposed new rates will result in an overall increase in CenterPoint Energy’s revenue of \$21.77 million, or 1.8 percent annually. Rate changes for different customer classes may be higher or lower than the overall increase of 1.8 percent based on the costs of serving those classes. CenterPoint Energy provides natural gas service to approximately 764,000 customers in Minnesota. The Company’s last request for a rate increase was in 1995.

The chart below shows the effect of CenterPoint Energy’s proposed rate changes on monthly bills for residential, commercial and industrial customers with average gas use in CenterPoint Energy’s “Northern” rate area.

Customer Type (This table reflects CenterPoint Energy's "Northern" rate area only. Figures are rounded to the nearest whole number.)	Average <u>monthly</u> usage in therms	Average <u>monthly</u> bill: current rates	Average <u>monthly</u> bill: proposed final rates	Average <u>annual</u> percentage change for proposed final rates
Residential	87	\$77	\$80	4.1%
Commercial/Industrial				
- up to 1,499/year	66	\$63	\$65	3.5%
- 1,500 to 4,999/year	239	\$210	\$214	2.1%
- 5,000 or more/year	1,150	\$971	\$956	-1.6%
Small Volume Dual Fuel Sales Service				
- up to 119,999/year	4,083	\$2,682	\$2,623	-2.2%
- 120,000 or more/year	15,458	\$9,950	\$9,742	-2.1%
Large Volume Dual Fuel Sales Service	109,275	\$ 5,844	\$65,120	-1.1%

CenterPoint Energy also proposes to increase the Basic Charge and decrease the Delivery Charge for most customers. Customers pay for natural gas distribution service in two ways. The first way is a monthly Basic Charge, which recovers a portion of fixed costs that do not change with the amount of natural gas used. The second way is the Delivery Charge, a per therm charge which recovers costs based on the amount of natural gas used each month. CenterPoint Energy's proposed increase to the Basic Charge combined with the decrease to the Delivery Charge results in a 4.1 percent annual increase, or \$38 per year, for an average residential customer.

The following chart shows the current and proposed monthly Basic Charge and per therm Delivery Charge for each customer type in CenterPoint Energy's "Northern" rate area.

Customer Type (usage in therms)	Current Monthly Basic Charge	Proposed Monthly Basic Charge	Current Delivery Charge - Per Therm	Proposed Delivery Charge - Per Therm
Residential	\$5	\$16	\$.12857	\$.03833
Commercial/Industrial				
- up to 1,499/year	\$9	\$16	\$.11025	\$.03833
- 1,500 to 4,999/year	\$15	\$22	\$.11025	\$.09904
- 5,000 or more/year	\$35	\$32	\$.10947	\$.09904
Small Volume Dual Fuel Sales Service				
- up to 119,999/year	\$50	\$45	\$.06970	\$.05641
- 120,000 or more/year	\$75	\$65	\$.06379	\$.05101
Large Volume Dual Fuel Sales Service	\$200	\$330	\$.04571	\$.03790

CenterPoint Energy's proposed rate changes will affect individual monthly bills differently

depending on natural gas use and customer type. The proposed Basic Charges and Delivery Charges recover only the cost of providing utility distribution service to CenterPoint Energy's customers - about 20 percent of the bill. These rates do not include wholesale gas costs - about 80 percent of an average residential customer's bill - which are passed through in the "Purchased Gas Adjustment" on customer bills with no mark-up. Monthly natural gas bills will continue to vary due to changes in the wholesale cost of gas.

On November 29, 2004, the Minnesota Department of Commerce-Energy Planning and Advocacy Office issued its initial recommendation in this matter and recommended that CenterPoint Energy be allowed to increase its monthly Basic Charge for residential customers from \$5 to \$8. DOC also recommended a 2.2% annual increase in rates for the average residential customer, a 2.7% increase for the smallest commercial customers and slightly smaller increases for all other groups of customers except for CenterPoint Energy's largest industrial customers.

Also on November 29, 2004, the Minnesota Office of the Attorney General-Residential Utilities Division issued its initial recommendation and recommended that CenterPoint Energy's monthly Basic Charge for residential customers should stay at \$5 and that any rate increase, if approved, should be apportioned equally across all of CenterPoint Energy's customer groups.

The rate changes described in this news release have been requested by CenterPoint Energy or proposed by the Minnesota Department of Commerce-Energy Planning and Advocacy Office or the Minnesota Office of the Attorney General-Residential Utilities Division in response to CenterPoint Energy's request. The Administrative Law Judge will issue a Recommendation to the PUC at the conclusion of the public and technical hearings. The PUC has until June 9, 2005 to issue its decision. The PUC may either grant or deny the requested changes, in whole or in part, and may grant a lesser or greater increase than that requested for any class or classes of service.

Individuals unable to attend the public hearings may send written comments by January 18, 2005 to Administrative Law Judge Richard C. Luis, Office of Administrative Hearings, 100 Washington Square, Suite 1700, Minneapolis, MN 55401-2138. Written comments are most effective when the following three items are included: (1) the section of CenterPoint Energy's proposal you are addressing; (2) your specific recommendation, and (3) the reason for your recommendation. Please be sure to reference docket numbers OAH 7-2500-16151-2 and PUC G-008/GR-04-901 in all correspondence or requests.

Technical hearings on CenterPoint Energy's proposal are scheduled to start on January 25, 2005, at 9:30 am, in the MPUC's large hearing room, 3rd Floor, 121 East Seventh Place, St. Paul, MN. The purpose of the technical hearings is to allow CenterPoint Energy, the Minnesota Department of Commerce-Energy Planning and Advocacy Office, the Minnesota Office of the Attorney General-Residential Utilities Division and others to present testimony and to cross-examine each other's witnesses on the proposed rate increase.

You may contact Administrative Law Judge Luis for information about procedures at the public and evidentiary hearings. Updated information about this proceeding can be found at

www.oah.state.mn.us/cases/centerpoint/index.html

For more information about the public hearings or the proposed increase, you may also contact the Minnesota Public Utilities Commission, 121 East Seventh Place, Suite 350, St. Paul, MN 55101-2147; 651-296-0406; 800-657-3782 or consumer.puc@state.mn.us

The proposed rate schedule and a comparison of present and proposed rates may be examined by the public during business hours at CenterPoint Energy offices located at 800 LaSalle Avenue, 11th floor, Minneapolis, MN 55402. Or, you may contact the Minnesota Department of Commerce, 85 East Seventh Place, Suite 500, St. Paul, MN 55101, 651-296-6913. The proposed schedule and filing can also be found at www.minnegasco.CenterPointEnergy.com

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